ATHOL GOLD AND VALUE LIMITED

(formerly Athol Gold Limited)

Annual Report and Financial Statements

For the year ended 31 December 2011

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COMPANY INFORMATION

DIRECTORS:	Jennifer Allsop (Chairman) Nicholas Woolard (Non-Executive Director)
REGISTERED OFFICE:	Walkers SPV Limited Walker House Mary Street PO Box 908GT George Town Grand Cayman Cayman Islands
COMPANY NUMBER:	Incorporated in the Cayman Islands with registered number 141920
SECRETARY:	Walkers SPV Limited
NOMINATED ADVISER:	Libertas Capital Corporate Finance Limited 17c Curzon Street London W1J 5HU
BROKER:	XCap Securities plc 24 Cornhill London EC3V 3ND
REGISTRARS:	Capita Registrars (Jersey) Limited 12 Castle Street St Helier Jersey JE2 3RT
SOLICITORS:	Fladgate LLP 16 Great Queen Street London WC2B 5DG
AUDITORS:	Welbeck Associates Registered Auditor Chartered Accountants 31 Harley Street London W1G 9QS

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 December 2011

Dear Shareholders,

I am pleased to present the results of your Company for the year ended 31 December 2011.

OVERVIEW

As most of you will recall, the Company appointed Tom Winnifrith as the Company's Chief Investment Officer in 2010. His remit was to seek out holdings in natural resources companies, with a particular focus on precious metals such as gold and silver which were believed to be undervalued and where such transactions had the potential to create value for Shareholders.

In October 2011 the Company changed its Investment Policy, changed its name, and appointed a new broker. The Investment Policy indicated the continuing long term nature of the Company's holdings. In December 2011 Athol completed the acquisition of the £1.3m portfolio of AIM and PLUS quoted investments from Worship Street Investments, which doubled the number of our shareholders.

Many of the investments within the Company's portfolio have had a torrid time during 2011, which accounts in large part for the operating loss recorded for the year. This loss is recorded because of the accounting treatment for fair value in investments, including the Company's substantial holding in Ascot Mining plc. Shareholders' equity increased to £3,147,000 by the year end. Net asset value per share has declined from 0.64p to 0.34p.

FINANCIAL STATEMENTS

The Financial Statements are presented in the following pages. The Company recorded a loss for the year of £2,168,000 compared to a profit of £1,063,000 in 2010. The loss per share was 0.38p, compared to earnings per share of 0.62p in 2010. During the year Athol's net assets have grown from £2,512,000 to £3,147,000.

PROSPECTS FOR 2012

In recent months the Company has acquired the investment portfolio of Agneash Soft Commodities plc and sought to acquire that of Ronaldsway Private Equity plc. Unfortunately, this latter acquisition did not proceed. More recently, the company had sought to acquire Oilbarrel.com Limited, and this, too, did not proceed. The Company necessarily had to have its shares suspended from AIM after the Oilbarrel deal was announced, and the shares were subsequently relisted on 19th June.

Tom Winnifrith has now resigned as investment advisor and your Board is in the process of seeking a suitable replacement.

The Directors are actively seeking to strengthen the Board and look forward to focusing on delivering shareholder value. I am aware from feedback at Master Investor that the company has to keep you, its owners, better informed. This is something I am particularly keen on and I am sure you will let me know how I am doing as the year goes on.

Jennifer Allsop, Chairman
29 June 2012

www.atholgold.com

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2011

The Directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2011. The Company changed its name from Athol Gold Limited to Athol Gold and Value Limited on 25 October 2011.

PRINCIPAL ACTIVITY

During the year the Company acted as an investment company.

BUSINESS REVIEW

A review of the business in the period and of future developments is given in the Chairman's statement on page 3.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Details of the financial risk management objectives and policies are provided in Note 15 to the financial statements.

RESULTS

The results of the Company are as shown in the Income Statement on page 10. The Directors do not recommend the payment of a dividend.

POST BALANCE SHEET EVENTS

Details of the material events since the year end are set out in Note 18

DIRECTORS

The Directors of the Company during the year and subsequently are set out below.

Jennifer Allsop (appointed 2 February 2011)
Waseem Shiraz (resigned 2 February 2011)
Alistair Ford (resigned 11 October 2011)
Robin Andrews (appointed 13 January 2011)
Leslie Brady (appointed 11 October 2011)

On 12 January 2012,Mr Nicholas Woolard was appointed a director and Mr Leslie Brady resigned as a director.
On 20 April 2012, Mr Robin Andrews resigned as a director.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2011 (continued)

SUBSTANTIAL SHAREHOLDINGS

The only interests in excess of 3% of the issued share capital of the Company which have been notified to the Company as at 19 June 2012 were as follows:

	Ordinary shares of 0.25p each number	Percentage of capital %
The Bank of New York (Nominees) Limited	250,637,189	22.06%
Barclayshare Nominees Limited	98,487,883	8.67%
TD Direct Investing Nominees (Europe) Limited	76,015,024	6.69%
Rivington Street Stockbrokers Limited	56,199,063	4.95%
Investor Nominees Limited	46,943,959	4.13%
HSDL Nominees Limited	41,320,903	3.64%
Hargreaves Lansdown (Nominees) Limited	35,535,859	3.13%

DIRECTORS' RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS

The Company was incorporated as a corporation in the Cayman Islands, which does not prescribe the adoption of any particular accounting framework. Accordingly, the Board have resolved that the Company will follow applicable law and International Financial Reporting Standards as adopted by the European Union (IFRSs) when preparing its annual financial statements.

The Directors are responsible for the preparation of the Company's financial statements which give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information held on the Company's website.

DIRECTOR'S REPORT

FOR THE YEAR ENDED 31 December 2011 (continued)

AUDITORS

The auditors Welbeck Associates have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

For and on behalf of the Board

Jennifer Allsop
Director
29 June 2012

CORPORATE GOVERNANCE REPORT

FOR THE YEAR ENDED 31 December 2011

The requirements of the combined code of corporate governance are not mandatory for companies traded on AIM. However, the Directors recognise the importance of sound corporate governance and have adopted corporate governance principles which the Directors consider are appropriate for a company of its size.

BOARD OF DIRECTORS

The Board of Directors is responsible for the Company's system of corporate governance. It comprises an executive chairman, who holds the key operational position in the Company and one non-executive director, whose role is to bring the benefit of his business experience and judgement to Board discussions and decisions. The Chairman of the Board is Jennifer Allsop.

The Board met regularly throughout the year. It has a schedule of matters referred to it for decision, which includes strategy and future developments, allocation of financial resources, investments, annual and interim results, and risk management. Matters which would normally be referred to appointed committees, such as the audit and remuneration committees, are dealt with by the full Board.

INTERNAL CONTROL

The Board is responsible for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

GOING CONCERN

The Directors have prepared cash flow forecasts through to 30 June 2013 which assume no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity. The expenses of the Company's continuing operations are minimal and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

REPORT ON REMUNERATION

FOR THE YEAR ENDED 31 December 2011

DIRECTORS' REMUNERATION

The Board recognises that Directors' remuneration is of legitimate concern to the shareholders and it is committed to following current best practice. The Company operates within a competitive environment and its performance depends on the effective contributions of the Directors and employees who are compensated accordingly.

DIRECTORS' REMUNERATION

The remuneration of the Directors was as follows:

	Year ending 31 December 2011			Year ending 31 December 2010		
	Salary and fees	Pension	Total	Salary and fees	Pension	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Jennifer Allsop	13	-	13	-	-	-
Robin Andrews	8	-	8	-	-	-
Alastair Ford	6	-	6	1	-	1
Leslie Brady	-	-	-	-	-	-
Waseem Shiraz	-	-	-	4	-	4
Ilyas Khan	-	-	-	13	-	13
Stephen Smith	-	-	-	13	-	13
David Ketchum	-	-	-	13	-	13
Jane Ketchum	-	-	-	11	-	11
Nikul Sarin	-	-	-	12	-	12
	27	-	27	67	-	67

PENSIONS

No pension contributions were paid in respect of the directors for the year ended 31 December 2011, or for the year ended 31 December 2010.

BENEFITS IN KIND

The Directors do not receive any benefits in kind.

BONUSES

There were no bonuses payable either for the year ended 31 December 2011, or for the year ended 31 December 2010.

SHARE OPTION INCENTIVES

Directors held options as follows. Further details of options are disclosed in note 14.

	At beginning of year	Granted in period	Cancelled in period	At end of period	Exercise price
Waseem Shiraz	1,829,268	-	-	1,829,268	0.82p
Alastair Ford	1,829,268	-	-	1,829,268	0.82p

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF ATHOL GOLD LIMITED

FOR THE YEAR ENDED 31 December 2011

We have audited the financial statements of Athol Gold and Value Limited (formerly Athol Gold Limited.) for the year ended 31 December 2011 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the APB's website at: www.frc.org.uk/apb/scope/private.cfm.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of the Company's loss for the year then ended; and
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union.

Jonathan Bradley-Hoare
Senior Statutory Auditor
for and on behalf of Welbeck Associates
Statutory Auditor, Chartered Accountants

31 Harley Street
London
W1G 9QS

28 June 2012

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 December 2011

	Notes	2011 £'000	2010 £'000
Investment income		3	-
Net gains on disposal of investments		103	23
Net change in fair value of investments		(1,982)	1,525
		(1,876)	1,548
Operating expenses		(276)	(483)
Operating (loss)/profit	3	(2,152)	1,065
Finance cost		(16)	(2)
(Loss)/Profit before taxation		(2,168)	1,063
Taxation expense	5	-	-
(Loss)/Profit for the year from continuing operations and total comprehensive income, attributable to owners of the Company		(2,168)	1,063
(Loss)/earnings per share attributable to owners of the Company during the year from continuing and total operations:	6	Pence	pence
Basic (pence per share)		(0.38)	0.62
Diluted (pence per share)		(0.38)	0.56

STATEMENT OF FINANCIAL POSITION

AS AT 31 December 2011

	Notes	2011 £'000	2010 £'000
CURRENT ASSETS			
Financial assets	7	3,262	2,869
Trade and other receivables	8	73	28
Cash and cash equivalents		295	42
		3,630	2,939
CURRENT LIABILITIES			
Trade and other payables	9	49	290
		49	290
NET CURRENT ASSETS		3,581	2,649
NON-CURRENT LIABILITIES			
Convertible unsecured loan notes	10	434	137
		434	137
NET ASSETS		3,147	2,512
EQUITY			
Share capital	11	1,543	981
Share premium		3,658	2,838
Shares to be issued		1,348	-
Loan note equity reserve	12	109	45
Capital reserve		15,736	15,736
Retained earnings		(19,247)	(17,088)
Equity attributable to owners of the Company and total equity		3,147	2,512

The financial statements were approved by the Board and authorised for issue on 28 June 2012.

Jennifer Allsop
Director

Nicholas Woolard
Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 December 2011

	Share capital £'000	Share premium £'000	Shares to be issued £'000	Loan note reserve £'000	Capital reserve £'000	Accumulated losses £'000	Total equity £'000
At 1 January 2010	343	2,391	-	-	15,736	(18,152)	318
Profit for the year	-	-	-	-	-	1,063	1,063
Total comprehensive income for the year	-	-	-	-	-	1,063	1,063
Share based payments	-	-	-	-	-	1	1
Issue of loan notes	-	-	-	45	-	-	45
Share issues	638	505	-	-	-	-	1,143
Share issue expenses	-	(58)	-	-	-	-	(58)
At 31 December 2010	981	2,838	-	45	15,736	(17,088)	2,512
Profit for the year	-	-	-	-	-	(2,168)	(2,168)
Total comprehensive income for the year	-	-	-	-	-	(2,168)	(2,168)
Share based payments	-	-	-	-	-	9	9
Issue of loan notes	-	-	-	100	-	-	100
Conversion of loan notes	145	-	-	(36)	-	-	109
Acquisition of share portfolio	-	-	1,348	-	-	-	1,348
Share issues	417	888		-	-	-	1,305
Share issue expenses	-	(68)		-	-	-	(68)
At 31 December 2011	1,543	3,658	1,348	109	15,736	(19,247)	3,147

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 December 2011

	2011 £'000	2010 £'000
OPERATING ACTIVITIES		
(Loss)/profit before taxation	(2,168)	1,063
Adjustments for:		
Share based payment charge	9	1
Shares issued in settlement of directors remuneration	23	-
Shares issued in settlement of professional fees	93	-
Profit on disposal of trading investments	(103)	(23)
Fair value loss/(gain) on trading investments	1,982	(1,525)
Investment income	(3)	-
Finance costs	16	2
Operating cashflow before working capital changes	(151)	(482)
Decrease/(increase) in trade and other receivables	20	(12)
(Decrease)/increase in trade and other payables	(5)	130
Net cash outflow from operating activities	(136)	(364)
INVESTING ACTIVITIES		
Continuing operations:		
Purchases of investments	(1,773)	(1,548)
Disposals of investments	875	227
Investment income	3	-
Net cash outflow from investing activities	(895)	(1,321)
FINANCING ACTIVITIES		
Continuing operations:		
Proceeds from share issues	862	1,143
Share issue expenses	(68)	(58)
Proceeds from issue of convertible loan notes	490	180
Net cash inflow from financing activities from continuing operations	1,284	1,265
Net (decrease)/increase in cash and cash equivalents	253	(420)
Cash and cash equivalents as at 1 January	42	462
Cash and cash equivalents as at 31 December	295	42

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

1 GENERAL INFORMATION

The Company was incorporated as a Corporation in the Cayman Islands which does not prescribe the adoption of any particular accounting framework. The Board has therefore adopted International Financial Reporting Standards as adopted by the European Union (IFRSs). The Company's shares are listed on the AIM market of the London Stock Exchange.

The Company is an investment company, investing in natural resources, minerals, metals, and oil and gas projects. The registered office of the Company is as detailed in the Company Information on page 2.

2 PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention except for the fair value of certain financial instruments. The principal accounting policies of the Company are set out below.

GOING CONCERN

The Directors have prepared cash flow forecasts through to 30 June 2012 which assume no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity. The expenses of the Company's continuing operations are minimal and the cash flow forecasts demonstrate that the Company is able to meet these liabilities as they fall due. On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

STATEMENT OF COMPLIANCE

The financial statements comply with International Financial Reporting Standards as adopted by the European Union. At the date of authorisation of these financial statements, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU):

		Effective for accounting periods beginning on or after:
IFRS 7 (amended)	Financial Instruments: Disclosures	1 July 2011
IFRS 9	Financial Instruments	1 January 2013
IFRS 10	Consolidated Financial Statements	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 (revised)	Employee Benefits	1 January 2013
IAS 27 (revised	Separate Financial Statements	1 January 2013
IAS 28 (revised)	Investments in Associates and Joint Ventures	1 January 2013
IAS 32 (amended)	Financial Instruments: Presentation	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company when the relevant Standards come into effect for periods commencing on or after 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

2 PRINCIPAL ACCOUNTING POLICIES (continued)

KEY ESTIMATES AND ASSUMPTIONS

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources:

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments.

TAXATION

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the consolidated financial statements with their respective tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability, unless the related transaction is a business combination or affects tax or accounting profit. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against future taxable income. Deferred tax assets and liabilities are calculated, without discounting, at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Most changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement. Only changes in deferred tax assets or liabilities that relate to a change in value of assets or liabilities that is charged directly to equity are charged or credited directly to equity.

FINANCIAL ASSETS

Financial assets are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

The Company's financial assets are classified into the following specific categories: 'investments at fair value through profit and loss', and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

All financial assets, as represented in the balance sheet, are investments held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which provides the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value.

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

2 PRINCIPAL ACCOUNTING POLICIES (continued)

EQUITY

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The loan note reserve represents the value of the equity component of the nominal value of the loan notes issued.

The capital reserve represents amounts arising in connection with reverse acquisitions.

Retained earnings include all current and prior period results as disclosed in the statement of comprehensive income together with the cumulative amount of share based expenses transferred to equity.

FINANCIAL LIABILITIES

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Company's financial liabilities comprise convertible loan notes, and trade and other payables.

The fair value of the liability portion of the convertible loan notes is determined using a market interest rate for an equivalent non-convertible loan note. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the loan notes. The remainder of the proceeds is allocated to the conversion option, which is recognised and included in shareholders' equity, net of tax effects.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

SHARE BASED PAYMENTS

All share based payment arrangements, granted after 7 November 2002 and not vested on 6 January 2005, are recognised in the financial statements. The Company operates equity settled share based remuneration plans for the remuneration of its employees.

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the income statement with a corresponding credit to retained earnings in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

2 PRINCIPAL ACCOUNTING POLICIES (continued)

FOREIGN CURRENCIES

The Directors consider Sterling to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The financial statements are presented in Sterling, which is the Company's functional and presentation currency.

Foreign currency transactions are translated into Sterling using the exchange rates prevailing at the date of the transactions. Foreign currency exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are recognised in the income statement. Non-monetary items that are measured at historical costs in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated into the functional currency using the exchange rates at the date when the fair value was determined.

SEGMENTAL REPORTING

A segment is a distinguishable component of the Company's activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available.

As the chief operating decision maker reviews financial information for and makes decisions about the Company's investment activities as a whole, the directors have identified a single operating segment, that of holding and trading in investments in natural resources, minerals, metals, and oil and gas projects. The directors consider that it would not be appropriate to disclose any geographical analysis of the Company's investments.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

3 OPERATING (LOSS)/PROFIT

	2011 £'000	2010 £'000
Profit/(loss) from operations is arrived at after charging/(crediting):		
Investment management fee	106	236
Foreign exchange losses	5	-
Auditors' remuneration:		
- fees payable to the Company's auditors and its associates for the audit of the Company's financial statements	12	15

4 EMPLOYEE REMUNERATION

The expense recognised for employee benefits is analysed below:

	2011 £'000	2010 £'000
Wages and salaries	27	67
Share based payment charge	9	1
	36	68

Details of Directors' employee benefits expense are included in the Report on Remuneration on page 8.

Remuneration for key management of the Company, including amounts paid to Directors of the Company, is as follows:

	2011 £'000	2010 £'000
Short-term employee benefits	27	67
Share based payment charge	9	1
	36	68

5 TAXATION

No provision has been made in respect of current taxation or deferred taxation as the Company is domiciled in the Cayman Islands and no corporation tax is applicable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

6 EARNINGS PER SHARE

The basic and diluted earnings per share is calculated by dividing the profit/(loss) attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2011 £'000	2010 £'000
(Loss)/profit attributable to owners of the Company		
- Continuing operations	(2,168)	1,063
- Discontinued operations	-	-
	(2,168)	1,063

	2011	2010
Weighted average number of shares for calculating basic earnings per share	566,723,074	171,156,251
Weighted average number of shares for calculating fully diluted earnings per share*	566,723,074	190,070,885

	2011 pence	2010 pence
(Loss)/earnings per share from continuing and total operations		
- Basic (pence per share)	(0.38)	0.62
- Fully diluted (pence per share)	(0.38)	0.56

* The weighted average number of shares used for calculating the diluted loss per share for 2011 was the same as that used for calculating the basic loss per share as the effect of exercise of the outstanding share options was anti-dilutive.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

7 FINANCIAL ASSETS

	2011 £'000	2010 £'000
Level 1 - Quoted investments:		
At beginning of year	2,819	-
Cost of share purchases	2,718	1,498
Proceeds of share disposals	(875)	(227)
Profit on disposal of shares	103	14
Fair value adjustment	(1,692)	1,534
At end of year	3,073	2,819
Level 3 - Unquoted investments:		
At beginning of year	50	-
Cost of share purchases	428	50
Fair value adjustment	(289)	-
At end of year	189	50
Total financial assets at end of year	3,262	2,869

The Company has adopted fair value measurements using the IFRS 7 fair value hierarchy.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets
Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included in Level 1.
Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market criteria.

8 TRADE AND OTHER RECEIVABLES

	2011 £'000	2010 £'000
Other receivables	65	17
Prepayments	8	11
Total	73	28

The fair value of trade and other receivables is considered by the Directors not to be materially different to carrying amounts.

At the balance sheet date in 2011 and 2010 there were no trade receivables past due.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

9 TRADE AND OTHER PAYABLES

	2011 £'000	2010 £'000
Trade payables	15	30
Other payables	-	2
Accrued charges	34	258
Total	49	290

The fair value of trade and other payables is considered by the Directors not to be materially different to carrying amounts.

10 CONVERTIBLE UNSECURED LOAN NOTES

The outstanding convertible loan notes at 31 December 2010 were issued in October 2010. They are zero coupon, unsecured and unless previously purchased, redeemed or converted they are redeemable at their principal amount on 31 October 2015.

The convertible loan notes issued in 2011 are zero coupon, unsecured and unless previously purchased, redeemed or converted they are redeemable at their principal amount on 31 December 2013.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company as follows:

	2011 £'000	2010 £'000
Liability component at 1 January	137	-
Nominal value of convertible loan notes issued	978	180
Equity component of convertible loan notes issued during year	(100)	(45)
Loan notes converted into shares	(633)	-
Equity component of loan notes converted	36	-
	418	135
Interest charged	16	2
Liability component at 31 December	434	137

The interest charged during the period is calculated by applying an effective average interest rate of 10% to the liability component for the period since the loan notes were issued.

The Directors estimate the fair value of the liability component of the loan notes at 31 December 2011 to be approximately £434,000 (2010: £137,000). This fair value has been calculated by discounting the future cash flows at the market rate of 10%.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

11 SHARE CAPITAL

	Number of ordinary shares	Value £'000
Authorised (par value of 0.25p):		
At 31 December 2010 and 31 December 2011	4,000,000,000	10,000
Issued and fully paid (par value of 0.25p each):		
At 31 December 2009	137,401,194	343
Shares issued in year	254,883,672	638
At 31 December 2010	392,284,866	981
Shares issued in year	224,829,231	562
	617,114,097	1.543

On 11 January 2011, 46,000,000 shares were issued at 0.25p each as a result of the conversion of loan notes.

On 18 January 2011, 8,000,000 shares were issued at 0.25p each as a result of the conversion of loan notes.

Between 31 January and 3 February 2011, 72,996,988 shares were issued at 0.83p each for cash, as a result of a private placing, raising £605,875 before expenses..

On 21 February 2011, 32,901,200 shares were issued at 1p each and 19,156,627 shares were issued at 0.83p each, as a result of the conversion of loan notes.

On 27 June 2011, 4,000,000 shares were issued at 0.25p each as a result of the conversion of loan notes.

On 9 August 2011, 731,031 shares were issued at 1.04p each and 1,359,648 shares were issued at 0.57p each, in settlement of directors' fees.

On 1 September 2011, 16,333,333 shares were issued at 0.6p each for cash, as a result of a private placing, raising £98,000 before expenses..

On 4 October 2011, 1,435,184 shares were issued at 0.54p each, in settlement of directors' fees.

On 25 November 2011, 21,915,220 shares were issued for cash at 0.415p each in connection with the acquisition of a shareholding in an AIM quoted company.

12 SHARES TO BE ISSUED

The balance of £1,348,000 relates to the shares issued in January 2012 in respect of the acquisition of the Worship Street Investments Limited share portfolio.

13 LOAN NOTE EQUITY RESERVE

	2011 £'000	2010 £'000
Equity component of convertible loan notes at 1 January	45	-
Equity component of convertible loan notes issued during year	100	45
Equity component of loan notes converted	(36)	-
Equity component of convertible loan notes at 31 December	109	45

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

14 SHARE OPTIONS

In November 2010 the Company granted 5,487,804 options to directors and employees. The fair value of options granted was determined using Black-Scholes valuation models. Significant inputs into the calculations were as follows:

- 15% volatility based on expected share price (ascertained by reference to historic share prices of the Company for the 12 months prior to the date of grant)
- share price of 0.82p per share at date of grant of options
- exercise price of 0.82p per share
- a risk free interest rate of 3.5%
- 0% dividend yield
- estimated option life of five years.

At the year end all these options had vested and are exercisable at any time prior to the fifth anniversary of the date of grant. The share based payment charge for the year was £9,000 (2010: £1,000).

The movements on share options and their weighted average exercise price are as follows:

	2011		2010	
	Number	Weighted average exercise price (pence)	Number	Weighted average exercise price (pence)
Outstanding at 1 January	5,487,804	-	-	-
Granted	-	0.82	5,487,804	0.82
Lapsed	-	-	-	-
Cancelled	-	-	-	-
Outstanding at 31 December	5,487,804	0.82	5,487,804	0.82

15 RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by the board of directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets.

MARKET PRICE RISK

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments. The Company manages this price risk within its long-term investment strategy to manage a diversified exposure to the market. If each of the Company's equity investments were to experience a rise or fall of 5% in their fair value, this would result in the Company's net asset value and statement of comprehensive income increasing or decreasing by £156,000 (2010: £143,000).

FOREIGN CURRENCY RISK

The Company's exposure to foreign currencies is limited to its investments which are quoted on overseas stock markets and is not material.

CREDIT RISK

The Company's financial instruments, which are subject to credit risk, are considered to be cash and cash equivalents and trade and other receivables, and its exposure to credit risk is not material. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

15 RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

The Company's exposure to credit risk is limited to the carrying amount of the financial assets recognised at the balance sheet date, as summarised below:

	2011 £'000	2010 £'000
Trade and other receivables	65	17
Cash and cash equivalents	295	43
	360	60

LIQUIDITY RISK

Liquidity risk is managed by means of ensuring sufficient cash and cash equivalents are held to meet the Company's payment obligations arising from administrative expenses. The cash and cash equivalents are invested such that the maximum available interest rate is achieved with minimal risk.

CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

16 FINANCIAL INSTRUMENTS

FINANCIAL ASSETS BY CATEGORY

The IAS 39 categories of financial assets included in the balance sheet and the headings in which they are included are as follows:

	2011 £'000	2010 £'000
Financial assets:		
Cash and cash equivalents	295	43
Investments held at fair value through profit and loss	3,262	2,869
Loans and receivables:		
Other receivables	65	17
	3,622	2,929

FINANCIAL LIABILITIES BY CATEGORY

The IAS 39 categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

	2011 £'000	2010 £'000
Financial liabilities at amortised cost:		
Convertible unsecured loan notes	434	137
Trade and other payables	15	32
	449	169

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 December 2011

17 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 December 2011 or 31 December 2010.

18 POST BALANCE SHEET EVENTS

Since the balance sheet date the Company has issued further shares as follows:

On 25 January 2012 the Company issued 305,432,127 new ordinary shares at 0.47p each in connection with the acquisition of a portfolio of shares from Worship Street Investments Limited, which was completed on 30 December 2011.

On 8 February 2012 the Company issued 1,515,152 new ordinary shares at 0.33p each as consideration for the purchase of 3,000,000 share warrants in Ariana Resources plc, exercisable at 4.75p each. The total value of the consideration shares was £5,000.

On 21 February 2012 the Company issued 207,622,728 new ordinary shares at 0.33p each as consideration for the acquisition of a portfolio of shares from Agneash Soft Commodities plc. The total value of the consideration shares was £685,155.

On 1 March 20102 the Company issued 3,662,743 shares at 0.37p each in settlement of fees amounting to £13,552 due to the Company's investment manager.

On 1 May 2012 the company announced that it had entered into heads of terms ("Heads") to acquire Oilbarrel.com Limited ("Oilbarrel")from Rivington Street Holdings plc ("RSH") for a total consideration of £750,000. Completion of the transaction is subject to due diligence on Oilbarrel by Athol and approval by Athol's shareholders. As part of the Heads, Athol agreed to provide a refundable deposit of £575,000 by way of a secured loan ("Loan") to RSH, bearing interest at a rate of 5% per annum to be repayable in full if the transaction did not proceed. The acquisition of Oilbarrel was classed as a reverse takeover under AIM Rules for Companies. Consequently the Transaction required the publication of an admission document on the Company as enlarged by the acquisition of Oilbarrel, and trading in Athol shares on AIM was suspended pending the publication of the admission document

On 19 June 2012 the Company announced that it had decided not to proceed with the acquisition of Oilbarrel and had issued notification to RSH terminating the acquisition process with immediate effect. Under the terms of the heads of agreement, RSH is due to repay the £575,000 deposit plus accrued interest as soon as possible but in any event not later than 18 September 2012. Athol will retain a charge over the shares and the assets of Oilbarrel until such time as the deposit is repaid in full. Following this announcement the suspension of the ordinary shares on AIM was lifted.

19 RELATED PARTY TRANSACTIONS

The chief investment officer and investment manager of the Company are also responsible for the investment management of SF t1ps Smaller Companies Gold Fund and SF t1ps Smaller Companies Growth Fund, which have major shareholdings in the Company, as detailed in the Directors' report. The fee due to t1ps Investment Management (IOM) Ltd in respect of 2011 was £107,000 (2010: £236,000) which has been charged in the Income Statement. At the year-end management fees of £13,552 (2010: £nil) were due and were settled on 1 March 2012 by the issue of 3,662,743 shares at 0.37p each.

In February 2011, £329,012 convertible loan notes (convertible at 1p per share) were issued to t1ps Investment Management (IOM) Ltd in settlement of fees due for the period to 25 January 2011.

On 31 August 2011, t1ps Investment Management (IOM) Ltd subscribed for £490,000 convertible unsecured loan stock, repayable on 31 December 2013.

Rivington Street Corporate Finance Limited, an associated company of t1ps Investment Management (IOM) Ltd, charged the Company £5,000 for broking services in respect of 2011 (2010: £1,000). .